

USDA B&I program supports growth of organic cooperatives

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One of the foundations that helped build America has been cooperatives. The Pilgrims who settled in Plymouth, Mass., formed a cooperative to harvest the land in which the first Thanksgiving was celebrated.

Cooperatives have come a long way since the days of the Pilgrims, but what has not changed is the value that each cooperative brings to the local economy.

One such cooperative that USDA Rural Development's Business & Cooperative Service division has provided financial support to is CROPP (the Cooperative Regions Organic Production Pools Cooperative). Featured on the cover and page 15 of this magazine, CROPP was founded in 1988 by a group of seven family farmers who had a love of the land and believed in sustainable agriculture.

It has grown into the largest organic co-op in the United States, with 689 farmer members — including more than 500 dairy farm members — in 17 states. Its Organic Valley brand milk, cheese and other foods are sold nationally. What a success story CROPP has become!

On the dairy side of CROPP's business, farmers currently average \$20 per cwt, far more than conventional farm-



USDA helped finance the new CROPP headquarters in LaFarge, Wis.

ers average. Co-op members are actively involved with the direction and decisionmaking of the company.

USDA Business & Industry (B&I) Guaranteed loans financed about 70 percent of the capital needed to construct CROPP's new headquarters.

The first loan, for \$4.2 million, was made in 2001 for working capital and refinancing of working-capital debt. The co-op had been experiencing rapid growth, but needed a long-term solution to its working capital needs. It requested a seven-year term loan to assist with these needs.

The second loan was made in 2004 for the construction of a new office building. As the co-op grew, it added personnel and rented more office space in LaFarge. The co-op offices were spread throughout LaFarge in various buildings and trailers.

Co-op leaders desired a more centralized location, and thus decided to build an office building to bring everything under one roof. The facility is a 70x200-foot, two-story building with a walkout basement. It gives CROPP 45,000 square feet of space.

The facility encompasses just under three acres and can accommodate up

to 279 employees, which is the expected staff growth through 2008. There is ample parking.

USDA also provided a \$500,000 Value Added Producer Grant in 2001 to the Organic Meats Co., a CROPP subsidiary.

In 2004, Rural Development made 463 loans worth \$972 million in B&I guaranteed loans to support new and expanded rural businesses. This program stimulates rural economies and creates jobs. Under it, business owners (including cooperatives) arrange a B&I loan through a local, participating financial institution. USDA Rural Development then can guarantee up to 80 percent of the loan amount.

Loans of up to \$10 million (more in some cases) can be guaranteed by USDA under the B&I program.

For more information on the B&I program and other USDA financial programs for rural businesses and cooperatives, I encourage you to visit our Web site at: www.rurdev.usda.gov, then click the "Business-Cooperative" program buttons. Or call (202) 720-4323 to be connected to your USDA Rural Development state office.

USDA Rural Development is committed to providing determined leadership to increase economic opportunities and improve the quality of life for citizens living in America's rural communities. With 47 state offices and 800 field offices, we look forward to working with you to bring opportunities to you, your cooperatives and businesses, and to your communities. ■